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FOL TEL SENT ACTION MOSCOW, INFO STATE, USUN, BELGRAD, BUCHAREST,
BUDAPEST, PRAGUE, SOFIA, TEHRAN (BY POUCH) FROM WARSAW
28 SEP 73 REPEATED TO YOU

QTE C O N F I D E N T I A L WARSAW 5079

E.O. 11652: GDS
TAGS: OVIP (SECRETARY DENT), PL
SUBJECT: VISIT OF SECRETARY DENT: MEETING WITH PRIME MINISTER
JAROSZEWICZ, 4:00 P.M.N SEPTEMBER 26, 1973 (II): US-
POLISH COMMERCIAL RELATIONS.

REF: WARSAW 5054

MOSCOW FOR SECRETARY DENT

TEHRAN - NOTE PARAGRAPH 34

1. THE FOLLOWING MEMORANDUM OF CONVERSATION HAS NOT
BEEN CLEARED WITH SECRETARY DENT.

2. SUMMARY: THE SECRETARY AND THE PRIME MINISTER
WENT OVER THE PRINCIPAL POINTS OF US-POLISH COMMERCIAL
RELATIONS BEING DISCUSSED BY THE THIRD SESSION
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OF THE JOINT COMMERCIAL COMMISSION. THE
ATMOSPHERE THROUGHOUT THE MEETING WAS ONE OF
WARMTH AND CANDOR. END SUMMARY.

3. JAROSZEWCZ WELCOMED SECRETARY DENT AND
EXPRESSED HIS STASFACTION THAT THE THIRD SESSION OF
THE US-POLISH COMMERICAL COMMISSION WAS GEING HELD IN
WARSAW. FOLLOWING PRESINDET NIXON'S VISIT, HE SAID,
US-POLISH TRADE HAD INCREASED. THE POLISH LEADERSHIP
WELCOMED THE INCREASE AND WISHED TO DEVELOP TRADE BETWEEN
THE TWO COUNTRIES AS MUCH AS POSSIBLE. THE FACT THAT
MUCH OF THIS TRADE IS BEING FINANCED THROUGH CREDITS
FROM THE EXPORT-IMPORT BANK AND US COMMERCIAL BANKS
WAS NOT A SOURCE OF WORRY ON THEIR PARTM. THEY WERE
BUTING AND WERE GLAD TO BUY. BUT THE PROBLEM OF
REPAYMENT EXISTS. CONSEQUENTLY, THEY WERE VERY MUCH
CONCERNED ABOUT INCREASING THEIR EXPORTS TO THE US.
JAROSZEWCZ UNDERSTOOD THAT THERE WERE NO FORMAL
OBSTACLES IN THE WAY OF POLISH EXPORTS TO THE US. THERE
WERE SOME NON-COMMERICAL OBSTACLES TO TRADE, BUT HE
THOUGH BOTH GOVERNMENTS WOULD WORK TO OVERCOME THOSE
OBSTACLES.

4. POLAND WAS NOT PRODUCING OFFENSICE MILITARY
EQUIPMENT AND DID NOT THREATEN ANY COUNTRY. IT WAS
INTERESTED IN DEVELOPING ITS ELECTRONIC INDUSTRY AND,
TO THIS END, IN ACQUIRING ADVANCED ELECTRONIC TECHNOLOGY,
INCLUDING SUCH TECHNOLOGY FROM THE US. HE THERFORE
WANTED TO ASK SECRETARY DENT FOR HIS HELP IN GETTING THE
US GOVERNMENT TO RESOLVE THIS QUESTION POSITIVELY. THIS
WOULD ENABLE THE POLES TO COOPERATE WITH SOME US
COMPANIES. POLAND ATTACHES GREAT WEIGHT TO SUCH
COOPERATION AND HAS A HIGH APPRECIATION FOR THE
INDUSTRIAL-COOPERATION RELATIONSHIPS WHICH HAVE ALREADY
BEEN DEVELOPED.

5. POLAND IS INCLINED TO ENTER INTO JOINT VENTURES,
JAROSZEWCZ CONTINUED. THE POLES KNOW THAT THE US
IS ALSO INTERESTED. FROM THE POLISH VIEWPOINT, THERE
ARE NO POLITICAL OBSTACLES TO SUCH COOPERATION.
CERTAIN PRINCIPLES AND CONDITIONS COULD BE ESTABLISHED
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WHICH WOULD BE ACCEPTABLE TO BOTH PARTNERS. THE POLES
HAVE NO FEARS ABOUT ENTERING INTO SUCH VENTURES.
DOING SO MERELY REQUEIRED ESTABLISHING THE RIGHT FINANCIAL
CONDITIONS. THE MEANS OF PAYMENT WOULD HAVE TO BE
ESTABLISHED. AS SECRETARY DENT KNEW, POLAND' S CURRENCY
IS NOT CONVERTIBLE. THE MEANS OF PAYMENT CAN THEREFORE
ONLY BE THE PROCEEDS OF SALES ABRAOD. IN THIS CONNECTION,
IT WOULD BE GOOD TO HAVE A TEN-YEAR AGREEMENT ON
TECHNOLOGICAL, SCIENTIFIC, AND COMMERCIAL COOPERATION.

6. MANY OF THE SAME CONSIDERATIONS APPLY TO POLAND'S
PURCHASES OF AGRICULTURAL PRODUCTS. POLAND WOULD LIKE
TO SIGN AN AGREEMENT FOR FIVE, EIGHT, OR TEN YEARS WITH

THE US. THE POLISH ECONOMY OPERATES ACCORDING TO A PLAN. OF COURSE, THE US ECONOMY DOES NOT, BUT " YOU ARE NOT DOING BADLY IN PLANNING YOUR AGRICULTURAL PRODUCTION, AND EVEN YOUR SURPLUSES."

7. SUMMING UP, JAROSZEWCZ SAID, IT SHOULD BE CLEAR THAT POLAND WISHES TO HAVE GOOD AND IMPROVING RELATIONS WITH THE US. FIRST SECRETARY GIerek HAD ASKED HIM TO CONVEY HIS SINCERE GREETINGS TO SECRETARY DENT. GIerek WISHED TO ASK THE SECRETARY TO CONVEY HIS WARM GREETINGS TO PRESIDENT NIXON AND JAROSZEWCZ WOULD APPRECIATE HAVING HIS WARM GREETINGS ADDED TO THOSE OF THE FIRST SECRETARY. THE POLISH LEADERSHIP IS DOING ITS BEST TO FULLFILL ALL THE AGREEMENTS WHICH WERE REACHED DURING THE PRESIDENT'S VISIT TO POLAND. IT SEEMED TO HIM THAT BOTH SIDES WERE FILLING THESE AGREEMENTS VERY WELL. ECONOMIC PROBLEMS ARE STUBBORN ONES, BUT THE POLISH SIDE WAS COUNTING ON THE HELP OF THE SECRETARY, WHO IS AN EXPERIENCED POLITICAL AND ECONOMIC LEADER, IN SOLVING THEM.

8. SECRETARY DENT EXPRESSED HIS PLEASURE AT BEING IN WARSAW AND SAID THAT PRESIDENT NIXON HAD ASKED THAT HIS GREETINGS BE GIVEN TO THE PRIME MINISTER AND TO THE FIRST SECRETARY. WITH REGARD TO THE POINTS THE PRIME MINISTER HAD MADE, THE SECRETARY HAD THE FOLLOWING COMMENTS.

9. WE HAD BEEN VERY PLEASED AT THE GROWTH IN THE TRADE
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BETWEEN THE TWO COUNTRIES. WE RECOGNIZE THAT BOTH EXPORTS AND IMPORTS WERE IMPORTANT TO EACH OF THE PARTNERS.

10. REFERRING TO THE PRIME MINISTER'S REMARKS ABOUT TECHNOLOGICAL COOPERATION AND LICENSING, THE SECRETARY NOTED THAT DURING THE LAST YEAR THE NUMBER OF ITEMS UNDER RESTRAINT HAD DECREASED SHARPLY, DOWN TO SOME 75. THIS WAS CLEAR EVIDENCE THAT MUCH OF THE PAST WAS BEING REMOVED AT A RATHER RAPID RATE, ALTHOUGH IT HAD AS YET NOT BEEN COMPLETELY ELIMINATED. AS SECRETARY OF COMMERCE, HE WAS INTERESTED IN TRADE, INTERESTED IN REDUCING THE NUMBER OF ITEMS UNDER RESTRAINT, AND INTERESTED IN KEEPING ON THE PRESSURE FOR FURTHER REDUCTIONA. STILL, THERE WERE SOME ASPECTS OF THE NATIONAL INTEREST, SPECIFICALLY THE CONCERN FOR OUR NATIONAL SECURITY, WHICH WERE APPLIED WITHOUT DISCRIMINATION TO ALL COUNTRIES, WHICH HAD TO BE TAKEN INTO ACCOUNT. AS THE TWO COUNTRIES CONTINUED TO MAKE PROGRESS ALONG THE LINES THAT PRESIDENT NIXON HAD OUTLINED TO THE POLISH GOVERNMENT DURING HIS VISIT TO WARSAW, WE HOPE THAT ALL THESE PROBLEMS CAN BE RESOLVED, BUT WE MUST ASK FOR YOUR UNDERSTANDING WHEN THERE ARE

CONSIDERATIONS THAT RESULT IN DELAYS.

11. WITH REGARD TO AN AGREEMENT ON TECHNICAL-INDUSTRIAL COOPERATION, ONE OF THE WORKING GROUPS OF THE COMMISSION WAS WORKING ON THIS MATTER. IN THE UNITED STATES, TECHNOLOGY IS PRIVATELY OWNED . THE US GOVERNMENT ENCOURAGES COOPERATION BETWEEN AMERICAN AND POLISH FIRMS. EVEN IN THE ABSENCE OF AN AGREEMENT, WE HOPE THERE WILL BE EXCHANGES OF TECHNOLOGY.

12. WITH REGARD TO AGRICULTURE, IT MIGHT BE USEFUL TO LOOK A LITTLE AT HISTORY. BEGINNING IN 1934, THE US GOVERNMENT HELD LARGE SURPLUSES. THE COST OF HOLDING THESE INVENTORIES WAS BORNE BY OUR TAXPAYERS. EXPORT SALES HAVE TRADITIONALLY BEEN HANDLED BY PRIVATE FIRMS, WHICH DID NOT HAVE TO REPORT TO THE GOVERNMENT ON THEIR SALES. THE VERY HEAVY SALES OF LAST YEAR HAD ELIMINATED THESE SURPLUS STOCKS. AT THE END OF JUNE, FOR EXAMPLE, WE FOUND THAT OUR DEALERS
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HAD OVERSOLD OUR STOCKS OF SOY-BEANS. THE PRESIDENT HAD RECOGNIZED THE LACK OF SUPPLY AND AT THE END OF THE LAST YEAR HAD FREED 42 MILLION ACRES FOR NEW PLANTINGS. HE HAD FREED ANOTHER 25 MILLION ACRES FOR PRODUCTION THIS YEAR. WE HAVE A RECOND HARVEST THIS YEAR, INCLUDING THE LARGEST WHEAT CROP IN OUR HISTORY, AND THE LARGEST INCREASE IS IN SOY-BEN PRODUCTION. NOW, WE ARE SELLING FROM CURRENT PRODUTION NOT FROM SURPLUSES.

13. A PART OF THE REVIEW WHICH WE HAD BEEN MAKEING OF OUR POLICH IN THIS AREA DELS WITH THEFUTURE ROLE OF THE COMMODITY CREDIT CORPOTRATION. THE CCC WAS ORIGINALLY DEVELOPED TO FINANCE EXPORTS FROM SURPLUS STOCKS. SO THE POLICIES UNDER WHICH THE CCC OPERATES MAY CHANGE, SINCE THE CONDITIONS UNDER WHICH IT OPERATES HAVE CHANGED. BUT COMMERCIAL CREDITS ARE AVAILABLE FOR AGRICULTURAL PURCHESES AND THE DIFFERENCE IN INTEREST RATES IS NOT VERY GREAT.

14. THERE SHOULD BE A VERY LARGE INCREASE IN AGRICULTURAL SUPPLIES NEXT YEAR, WHICH SOULD RELIEVE THE PRESSURE ON DEMAND AND ON PRICES. WE SHOULD THUS BE ABLE TO SUPPLY OUR STEADY AND VALUED CUSTOMERS, LIKE POLAND. THE COMMODITY IN TIGHTEST SUPPLY WILL BE COTTON, BUT, IN ALL OTHER CROPS, WE SHOULD HAVE A GOOD AND ADEQUATE SUPPLY. MEANWHILE, ALL RESTRICTIONS ON EXPORTS HAD BEEN LIFTED.

15. REFERRING TO THE MATTER OF JOINT VENTURES, ASSISTANT SECRETARY ARMSTRONG ADDED THAT IN HIS WORKING GROUP THAT MORNING THE US SIDE HAD EXPRESSED THE VIEW

THAT WE HOULD WAIT TO LEARN WHAT REGIME THE POLISH GOVERNMENT WILL ESTABLISH FOR JOINT VENTURES.

16. SECRETARY DENT ADDED THAT THE WESTINGHOUSE APPLICATION FOR A LICENSE FOR MANUFACTURE OF THYRISTORS AND SILICON RECTIFIERS UNDER THE CONTRACT THEY HAD WITH UNITRA, HAD BEEN APPROVED JUST BEFORE THE US DELEGATION LEFT WASHINGTON.

17 THE PRIME MINISTER EXPRESSED APPRECIATION AT THIS INFORMATION AND SAID THAT THE POLISH GOVERNMENT WOULD BE CONFIDENTIAL

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GRATEFUL FOR THE SECRETARY'S HELP IN GETTING ALL THESE MATTERS RESOLVED.

18. SECRETARY DENT REFERRED TO THE FAIRCHILD LICENSE APPLICATION AS ONE THAT INVOLVED CONSIDERATIONS OF NATIONAL SECURITY. SO FAR AS THE COMMERCIAL ASPECTS WERE CONCERNED, THE COMMERCE DEPARTMENT WAS PRESSING FOR A DECISION.

19. THE SECRETARY EXPRESSED HIS PLEASURE AT THE RECEPTION THE DELEGATION HAD RECEIVED AND THE EVENTS THAT HAD BEEN ARRANGED FOR IT. THE VISITS TO DOW USA'S WARSAW OFFICE, NOW BEING PREPARED FOR ITS FORMAL OPENING, AND TO THE SIWERCZEWSKI AND WARYNSKI PLANTS, WHICH HAVE GOOD CONTACTS WITH AMERICAN FIRMS, HAD BEEN VERY ENCOURAGING. THERE HAD EVIDENTLY BEEN MUCH PROGRESS IN OUR COMMERCIAL REALTIONS.

20. THE PRIME MINISTER SAID THAT THAT PROGRESS COULD BE MUCH BIGGER.

21. SECRETARY DENT SAID HE ALSO HAD IN MIND THE FMC, TEXTRON, AND OTHER CONTRACTS.

22. JAROSZEWCZ SAID THAT THE POLISH LEADERSHIP APPRECIATED THIS. MARX AND LENIN, HE SAID, DON'T STAND AGAINST JOINT VENTURES. ONLY THE DOGMATISTS INTERPRET THEM THAT WAY.

23. SECRETARY DENT SAID THAT, WITH REGARD TO MARITIME RELATIONS, WE HAD REDUCED OUR REQUIREMENTS FROM FOURTEEN-DAY REQUEST TO FOUR-DAY REQUEST.

24. JAROSZEWCZ SAID THAT THEY WERE VERY GLAD TO LEARN THIS; IT REMOVES A DISCRIMINATORY RESTRICTION.

25. SECRETARY DENT SAID THAT WE HAD AGREED TO THE OPENING OF A POLISH TRADE OFFICE IN SAN FRANCISCO.

26. THE PRIME MINISTER EXPRESSED GRATITUDE FOR THIS

STEP.

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27. THE SECRETARY SAID THAT SAN FRANCISCO WAS OUR CLOSEST POINT TO JAPAN AND WISHED THE PRIME MINISTER SUCCESS IN COMPETING WITH THE JAPANESE.

28. THE PRIME MINISTER SAID THAT THE POLES WERE GOOD FRIENDS WITH THE JAPANESE AND HAD NO FEARS ABOUT COMPETING WITH THEM. IN ORDER THAT POLAND SHOULD SUCCEED IN THIS AND IN OTHER EVEN MORE URGENT TASKS, HE HOPED THAT THE US WOULD HELP POLAND RAISE ITS TECHNOLOGICAL LEVEL; THIS WOULD HELP POLAND BECOME A GOOD PARTNER FOR TRADE WITH THE US.

29. THE SECRETARY SAID THAT WE WERE VERY MINDFUL OF THIS. APART FROM THE NATIONAL-SECURITY CONSIDERATIONS HE HAD MENTIONED, NOTHING STOOD IN THE WAY OF THIS.

30. JAROSZEWCZ SAID THAT POLAND DID NOT WANT TO BUY AMERICAN TECHNOLOGY IN A ROUND-ABOUT WAY, FOR EXAMPLE, THROUGH FRANCE, AS IT HAD ONCE DONE.

31. THE SECRETARY SAID THAT, IN THESE MATTERS, WE WERE SELFISH AND WANTED POLAND TO BUY DIRECTLY FROM US.

32. JAROSZEWCZ SAID THAT POLAND HELD THE FIRST PLACE IN EUROPE IN INCREASING ITS IMPORTS FROM THE US; IN ORDER THAT THIS MIGHT CONTINUE, " YOU SHOULD HELP US TO KEEP THIS UP."

33. SECRETARY DENT SAID WE FAVORED DOING THIS AND WANTED TO HELP POLAND SO THAT BOTH COUNTRIES CAN OUT-COMPETE THE JAPANESE, THE GREEKS, AND THE CHINESE. THE PRIME MINISTER EXPRESSED HIS AGREEMENT.

34. THERE FOLLOWED THE DISCUSSION OF POLAND'S ROLE IN THE ICCS REPORTED REFTEL. THEREAFTER, THE MEETING CLOSED WITH AN EXCHANGE OF PLEASANTRIES. REFERRING TO SECRETARY DENT'S ONWARD TRAVEL TO IRAN, JAROSZEWCZ MENTIONED HAVING RECEIVED PRIME MINISTER HOVEYDA IN WARSAW AND SPOKE OF HIM IN HIGHLY LAUDATORY TERMS, SAYING THAT HE WAS " VERY CONFIDENTIAL

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SYMPATHETIC, CULTURED, EUROPEAN-EDUCATED, AND A VERY GOOD DISCUSSION PARTNER. OUR RELATIONS ARE GETTING BETTER AND BETTER WITH IRAN. PRIME MINISTER HOVEYDA IS AN EXCEPTIONALLY INTERESTING MAN."

35. THE ATMOSPHERE THROUGHOUT WAS ONE OF WARMTH
AND CANDOR. DAVIES. UNQTE KISSINGER

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